



Department of Public Works Underground Utility Permit Fee Analysis

*****Proposed Alternative Fee*** ***Structure*****

****** Without Utility Locating Services ****
**** included as a cost ******

August 12, 2015



Outreach to Private Utility Representatives

- Multiple meetings and communications with representatives from the various private utility companies and with the Durham Chamber of Commerce on behalf of those utilities.
- Invitations were sent to each company, though not all companies were represented at each meeting.
- A meeting was held on July 21, 2015, ahead of the first council work session where this item was discussed.
- A meeting occurred on August 27, 2015, with the utility representatives that included the Durham Chamber of Commerce.



Outreach to Private Utility Representatives

- Additional information has been made available to both the utility representatives and the Chamber of Commerce for review, including the following:
 - historical data on the program,
 - current staffing and future staffing projects,
 - the methodology used to develop the revised fees,
 - the actual consultant contract for the outsourced permitting, location, and inspection work associated with the major fiber installation efforts in the area,
 - the revised fee scenarios under consideration.
- The Department has also developed additional scenarios for consideration at the request of the utility representatives based upon comments and feedback from them.



Staffing Level Requirement Consistent with Current Workload

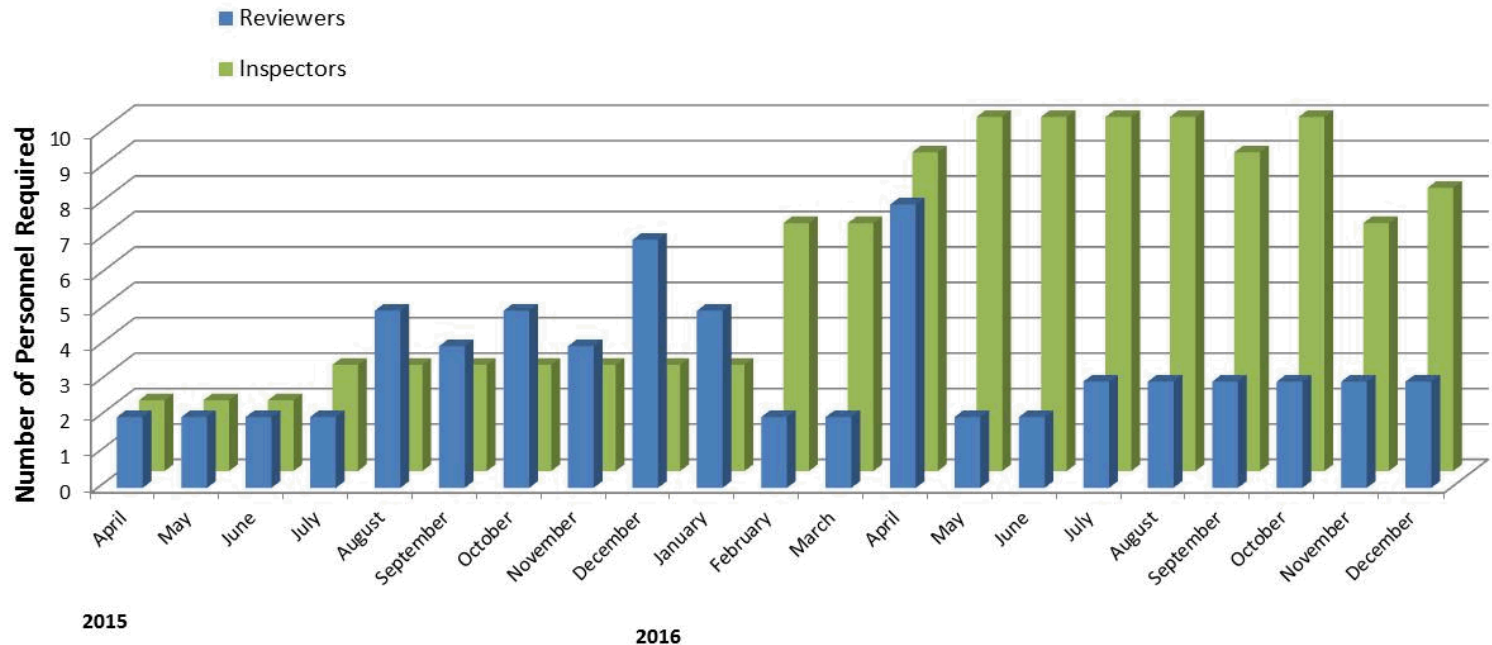
The staff level required to fully support the utility permit program and their estimated annual cost are summarized in the table below.

STAFFING LEVEL REQUIREMENT CONSISTENT WITH WORKLOAD

<u>Position/function</u>	<u>FTE Equivalent</u>	Full FTE Annual Cost	<u>Pro-Rated Annual Cost</u>
		<u>Salary + Benefits and Equipment</u>	
Engineering Technician/permitting	2.0	\$74,000	\$148,000
Inspector	2.0	\$83,123	\$166,246
Engineer (CEIV)/Proj Supv	0.2	\$141,390	\$28,278
Support Staff	0.25	\$61,150	<u>\$15,288</u>
		Total Annual Cost	\$357,812

2015-2016 Projected Staffing Requirements Utility Permitting and Inspections

**Projected Staffing Requirement for Utility Permitting and Inspection
 Base Forecasted Workload with Additional Fiber Optic (AT&T/Google)**





Utility Permit Fee Analysis

Current Fee Schedule

Our current Utility Permit Fee schedule was implemented at the beginning of calendar year 2010 and is summarized below.

All permits applied for at one time in a contiguous defined geographic area will be included in one permit.

Centerline Linear Foot Calculation in Right of Way Permit Fee

- 1) 200 feet or less \$50*
- 2) Over 200 feet, up to 1,000 feet \$120*
- 3) Over 1,000 feet, up to 5,000 feet \$460*
- 4) Over 5,000 feet Calculate per (1) through (3) above*

Utility Permit Fee Analysis

Alternative Fee Schedules Analyzed

<i>Alternative</i>	<i>Application Fee</i>		<i>Inspections Fee per Linear Foot</i>
	<i>Base Fee</i>	<i>Fee per Linear Foot</i>	
50% Cost Recovery	\$200	\$0.025	\$0.100
75% Cost Recovery	\$250	\$0.030	\$0.170
100% Cost Recovery	\$300	\$0.035	\$0.230

Utility Permit Fee Analysis

Projected Annual Revenue Under Alternative Fee Schedules

<i>Calendar Year</i>	<i>Total Annual Revenue</i>			
	<i>Existing Fee Schedule</i>	<i>Alternative Fee Schedules for Cost Recovery</i>		
		<i>50% Recovery</i>	<i>75% Recovery</i>	<i>100% Recovery</i>
2010	\$58,130	\$121,344	\$160,761	\$198,102
2011	\$60,870	\$116,192	\$156,018	\$193,380
2012	\$55,870	\$124,193	\$164,479	\$202,653
2013	\$78,760	\$172,513	\$229,681	\$283,640
2014	\$114,420	\$243,116	\$324,515	\$401,201
2015	\$409,830	\$590,015	\$853,654	\$1,090,748
2016	\$476,368	\$692,083	\$996,419	\$1,280,253



- Notes :
- 1) CY Year 2014 was chosen as the base year for cost recovery. Permitting, Inspecting and Management personnel costs at full-staffing for the program are calculated to be \$357,812. The costs associated with City Staff that perform utility locating are not included.
 - 2) The revenue for 2015 and 2016 is projected.
 - 3) 100% Cost Recovery Target for 2015-2016 is \$2,345,674 derived as follows; **City Staff** - 2 years at \$357,812 per year, and **Consultant Staff** - \$2.4M contract **minus \$769,950** for locating services. Thus $(2 * \$357,812) + \$2,400,000 - \$769,950 = \$2,345,674$



Utility Permit Fee Analysis

Effect of Alternative Fee Schedules

AT&T and Google

		2010	2011	2012	2013	2014	Actual Jan-Apr 2015	Forecast EOY 2015	Forecast 2016
AT&T	Number of Permits	1			3	8	16	48	96
	Linear Feet	1,348			5,487	54,282	175,992	527,976	1,055,952
	Average Linear Feet per permit	1,348			1,829	6,785	11,000	11,000	11,000
	Current Fee	\$460.00			\$1,040.00	\$6,200.00	\$17,920.00	\$53,760.00	\$107,520.00
	50% Cost Recovery	\$368.50			\$1,285.88	\$8,385.25	\$25,199.00	\$75,597.00	\$151,194.00
	75% Cost Recovery	\$519.60			\$1,847.40	\$12,856.40	\$39,198.40	\$117,595.20	\$235,190.40
	100% Cost Recovery	\$657.22			\$2,354.06	\$16,784.73	\$51,437.88	\$154,313.64	\$308,627.28
Google	Number of Permits							184	182
	Linear Feet							1,728,031	1,709,249
	Average Linear Feet per permit							9,391	9,391
	Current Fee							\$253,920.00	\$251,160.00
	50% Cost Recovery							\$252,803.88	\$250,056.13
	75% Cost Recovery							\$391,606.20	\$387,349.80
	100% Cost Recovery							\$513,128.22	\$507,550.99

Utility Permit Fee Analysis

Effect of Alternative Fee Schedules

Frontier and PSNC

		2010	2011	2012	2013	2014	Actual Jan-Apr 2015	Forecast EOY 2015	Forecast 2016
Frontier	Number of Permits	42	52	31	38	39	20	60	60
	Linear Feet	27,572	55,268	24,659	48,662	75,691	26,256	78,768	78,768
	Average Linear Feet per permit	656	1,063	795	1,281	1,941	1,313	1,313	1,313
	Current Fee	\$8,630.00	\$14,570.00	\$6,300.00	\$11,260.00	\$11,980.00	\$4,050.00	\$12,150.00	\$12,150.00
	50% Cost Recovery	\$11,846.50	\$17,508.50	\$9,282.38	\$13,682.75	\$17,261.38	\$7,282.00	\$21,846.00	\$21,846.00
	75% Cost Recovery	\$16,014.40	\$24,303.60	\$12,681.80	\$19,232.40	\$24,888.20	\$10,251.20	\$30,753.60	\$30,753.60
	100% Cost Recovery	\$19,906.58	\$30,546.02	\$15,834.64	\$24,295.43	\$31,758.12	\$12,957.84	\$38,873.52	\$38,873.52
PSNC	Number of Permits	171	170	187	291	553	238	714	922
	Linear Feet	35,263	33,018	46,194	91,262	77,592	48,703	146,109	188,647
	Average Linear Feet per permit	206	194	247	314	140	205	205	205
	Current Fee	\$13,890.00	\$15,000.00	\$14,800.00	\$24,970.00	\$35,570.00	\$17,790.00	\$53,370.00	\$68,908.10
	50% Cost Recovery	\$38,607.88	\$38,327.25	\$43,174.25	\$69,607.75	\$120,299.00	\$53,687.88	\$161,063.63	\$207,955.57
	75% Cost Recovery	\$49,802.60	\$49,353.60	\$55,988.80	\$91,002.40	\$153,768.40	\$69,240.60	\$207,721.80	\$268,197.77
	100% Cost Recovery	\$60,644.70	\$60,049.77	\$68,341.41	\$111,484.43	\$186,461.88	\$84,306.30	\$252,918.89	\$326,553.50

Utility Permit Fee Analysis

Effect of Alternative Fee Schedules

Duke Energy and Time-Warner

		2010	2011	2012	2013	2014	Actual	Forecast	Forecast
							Jan-Apr 2015	EOY 2015	
Duke Energy	Number of Permits	22	33	36	45	37	15	45	45
	Linear Feet	27,832	57,190	42,123	40,447	72,277	14,839	44,517	44,517
	Average Linear Feet per permit	1,265	1,733	1,170	899	1,953	989	989	989
	Current Fee	\$4,760.00	\$8,850.00	\$8,350.00	\$7,430.00	\$10,740.00	\$2,240.00	\$6,720.00	\$6,720.00
	50% Cost Revoverly	\$7,879.00	\$13,748.75	\$12,465.38	\$14,055.88	\$16,434.63	\$4,854.88	\$14,564.63	\$14,564.63
	75% Cost Recovery	\$11,066.40	\$19,688.00	\$17,424.60	\$19,339.40	\$23,705.40	\$6,717.80	\$20,153.40	\$20,153.40
	100% Cost Recovery	\$13,975.48	\$25,055.35	\$21,962.60	\$24,218.46	\$30,253.41	\$8,432.34	\$25,297.01	\$25,297.01
Time Warner	Number of Permits	210	151	220	254	252	69	207	207
	Linear Feet	87,523	75,032	88,672	97,149	145,893	40,361	121,083	121,083
	Average Linear Feet per permit	417	497	403	382	579	585	585	585
	Current Fee	\$24,470.00	\$18,140.00	\$24,310.00	\$27,660.00	\$34,870.00	\$8,870.00	\$26,610.00	\$26,610.00
	50% Cost Revoverly	\$52,940.38	\$39,979.00	\$55,084.00	\$62,943.63	\$68,636.63	\$18,845.13	\$56,535.38	\$38,862.45
	75% Cost Recovery	\$70,004.60	\$53,256.40	\$72,734.40	\$62,943.63	\$92,178.60	\$25,322.20	\$75,966.60	\$44,916.60
	100% Cost Recovery	\$86,193.60	\$65,783.48	\$89,498.08	\$82,929.80	\$114,261.65	\$31,395.67	\$94,187.00	\$61,320.75

Utility Permit Fee Analysis

Effect of Alternative Fee Schedules

All Other Utilities

		2010	2011	2012	2013	2014	Actual	Forecast	Forecast
							Jan-Apr 2015	EOY 2015	
All Others	Number of Permits	31	16	15	31	32	11	33	33
	Linear Feet	28,017	25,830	9,496	37,898	45,590	2,679	8,037	8,037
	Average Linear Feet per permit	904	1,614	633	1,223	1,425	244	244	244
	Current Fee	\$5,920.00	\$4,310.00	\$2,110.00	\$6,400.00	\$7,020.00	\$1,100.00	\$3,300.00	\$3,300.00
	50% Cost Recovery	\$9,702.13	\$6,628.75	\$4,187.00	\$10,937.25	\$12,098.75	\$2,534.88	\$7,604.63	\$7,604.63
	75% Cost Recovery	\$13,353.40	\$9,416.00	\$5,649.20	\$35,315.77	\$17,118.00	\$3,285.80	\$9,857.40	\$9,857.40
	100% Cost Recovery	\$16,724.51	\$11,944.95	\$7,016.44	\$38,357.65	\$21,681.35	\$4,009.93	\$12,029.80	\$12,029.80



Department of Public Works Underground Utility Permit Fee Analysis

*****Revision to Existing Tiered Rate*****
*****Structure*****

**** Without Utility Locating Services ****
**** included as a cost ****

August 28, 2015



Utility Permit Fee Analysis

Current Fee Schedule

Our current Utility Permit Fee schedule was implemented at the beginning of calendar year 2010 and is summarized below.

All permits applied for at one time in a contiguous defined geographic area will be included in one permit.

Centerline Linear Foot Calculation in Right of Way Permit Fee

- 1) 200 feet or less \$50*
- 2) Over 200 feet, up to 1,000 feet \$120*
- 3) Over 1,000 feet, up to 5,000 feet \$460*
- 4) Over 5,000 feet Calculate per (1) through (3) above*



Utility Permit Fee Analysis Current Tier Schedule with the Fee for Tier 4 Simplified

Permit Fee for Utility Linear Foot Installation/Repair in Right of Way

- 1) 200 feet or less \$50
- 2) 201 feet, up to and including 1,000 feet \$120
- 3) 1,001 feet, up to and including 5,000 feet \$460
- 4) 5,001 or more feet \$0.092 per linear foot



- Notes :
- 1) CY Year 2014 was chosen as the base year for cost recovery. Permitting, Inspecting and Management personnel costs at full-staffing for the program are calculated to be \$357,812. The costs associated with City Staff that perform utility locating are not included.
 - 2) The revenue for 2015 and 2016 is projected.
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Utility Permit Fee Analysis

Current Tier Schedule

50% Cost Recovery

Permit Fee for Utility Linear Foot Installation/Repair in Right of Way

- 1) 200 feet or less \$105
- 2) 201 feet, up to and including 1,000 feet \$210
- 3) 1,001 feet, up to and including 5,000 feet \$840
- 4) 5,001 or more feet \$0.17 per linear foot



Utility Permit Fee Analysis

Current Tier Schedule

75% Cost Recovery

Permit Fee for Utility Linear Foot Installation/Repair in Right of Way

- 1) 200 feet or less \$160
- 2) 201 feet, up to and including 1,000 feet \$280
- 3) 1,001 feet, up to and including 5,000 feet \$1,200
- 4) 5,001 or more feet \$0.24 per linear foot



Utility Permit Fee Analysis

Current Tier Schedule

100% Cost Recovery

Permit Fee for Utility Linear Foot Installation/Repair in Right of Way

- 1) 200 feet or less \$210
- 2) 201 feet, up to and including 1,000 feet \$350
- 3) 1,001 feet, up to and including 5,000 feet \$1,500
- 4) 5,001 or more feet \$0.30 per linear foot

Current Tier Schedule

Alternative Tier Levels Analyzed for 50%, 75% and 100% Cost Recovery

	<i>Existing Tiered Rate Structure</i>			
<i>Alternative</i>	<i>Tier 1</i>	<i>Tier 2</i>	<i>Tier 3</i>	<i>Tier 4</i>
Existing with Tier 4 Change	\$50	\$120.00	\$460.00	\$0.092
50% Cost Recovery	\$105	\$210.00	\$840.00	\$0.170
75% Cost Recovery	\$160	\$280.00	\$1,200.00	\$0.240
100% Cost Recovery	\$210	\$350.00	\$1,500.00	\$0.300

Utility Permit Fee Analysis

Projected Annual Revenue Under Tier Alternative Fee Schedules

<i>Calendar Year</i>	<i>Total Annual Revenue</i>				
	<i>Existing Fee Schedule</i>	<i>Existing with Tier 4 Change</i>	<i>Alternative Fee Schedules for Cost Recovery</i>		
			<i>50% Recovery</i>	<i>75% Recovery</i>	<i>100% Recovery</i>
2010	\$58,130	\$57,234	\$107,118	\$152,830	\$193,828
2011	\$60,870	\$60,052	\$112,338	\$160,929	\$203,701
2012	\$55,870	\$54,664	\$102,978	\$147,567	\$187,569
2013	\$78,760	\$77,677	\$146,466	\$210,021	\$266,846
2014	\$114,420	\$103,025	\$196,728	\$284,701	\$362,776
2015	\$325,190	\$317,198	\$597,083	\$853,809	\$1,077,711
2016	\$392,648	\$392,955	\$706,632	\$1,000,316	\$1,266,923



Utility Permit Fee Analysis

Effect of Alternative Tier Fee Schedules

AT&T and Google

						Actual Jan-Apr 2015	Forecast EOY 2015	Forecast 2016
	2010	2011	2012	2013	2014			
AT&T								
Number of Permits	1			3	8	16	48	96
Linear Feet	1,348			5,487	54,282	175,992	527,976	1,055,952
Average Linear Feet per permit	1,348			1,829	6,785	11,000	11,000	11,000
Current Fee	\$460.00			\$1,040.00	\$6,200.00	\$17,920.00	\$53,760.00	\$107,520.00
Current Structure with Tier 4 Revised	\$460.00			\$1,040.00	\$5,652.48	\$16,828.11	\$50,484.34	\$100,968.67
50% Cost Recovery	\$840.00			\$1,890.00	\$10,440.01	\$31,114.12	\$93,342.36	\$186,684.72
75% Cost Recovery	\$1,200.00			\$2,680.00	\$14,804.72	\$43,984.64	\$131,953.92	\$263,907.84
100% Cost Recovery	\$1,500.00			\$3,350.00	\$18,525.90	\$55,020.80	\$165,062.40	\$330,124.80

Google								
Number of Permits							184	182
Linear Feet							1,728,031	1,709,249
Average Linear Feet per permit							9,391	9,391
Current Fee							\$169,280.00	\$167,440.00
Current Structure with Tier 4 Revised							\$168,178.85	\$166,350.91
50% Cost Recovery							\$313,085.27	\$309,682.33
75% Cost Recovery							\$444,167.44	\$439,339.76
100% Cost Recovery							\$557,049.30	\$550,994.70



Utility Permit Fee Analysis

Effect of Alternative Tier Fee Schedules On Frontier and PSNC

		2010	2011	2012	2013	2014	Actual Jan-Apr 2015	Forecast EOY 2015	Forecast 2016
Frontier	Number of Permits	42	52	31	38	39	20	60	60
	Linear Feet	27,572	55,268	24,659	48,662	75,691	26,256	78,768	78,768
	Average Linear Feet per permit	656	1,063	795	1,281	1,941	1,313	1,313	1,313
	Current Fee	\$8,630.00	\$14,570.00	\$6,300.00	\$11,260.00	\$11,980.00	\$4,050.00	\$12,150.00	\$12,150.00
	Current Structure with Tier 4 Revised	\$8,630.00	\$14,570.00	\$6,300.00	\$11,212.39	\$11,800.11	\$3,614.75	\$10,844.24	\$10,844.24
	50% Cost Recovery	\$15,645.00	\$26,565.00	\$11,340.00	\$20,489.42	\$21,549.33	\$6,690.73	\$20,072.19	\$20,072.19
	75% Cost Recovery	\$21,960.00	\$37,680.00	\$15,800.00	\$29,126.24	\$30,563.76	\$9,464.56	\$28,393.68	\$28,393.68
	100% Cost Recovery	\$27,520.00	\$47,190.00	\$19,770.00	\$36,477.80	\$38,264.70	\$11,920.70	\$35,762.10	\$35,762.10
PSNC	Number of Permits	171	170	187	291	553	238	714	922
	Linear Feet	35,263	33,018	46,194	91,262	77,592	48,703	146,109	188,647
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	Current Fee	\$13,890.00	\$15,000.00	\$14,800.00	\$24,970.00	\$35,570.00	\$17,790.00	\$53,370.00	\$68,908.10
	Current Structure with Tier 4 Revised	\$13,849.48	\$15,000.00	\$14,619.10	\$24,250.10	\$35,220.24	\$17,146.18	\$51,438.55	\$66,414.33
	50% Cost Recovery	\$27,117.51	\$29,190.00	\$28,897.46	\$47,594.75	\$71,372.19	\$34,265.34	\$102,796.02	\$132,723.98
	75% Cost Recovery	\$39,824.72	\$42,800.00	\$42,681.12	\$69,882.00	\$106,713.68	\$50,840.48	\$152,521.44	\$196,926.42
	100% Cost Recovery	\$51,220.90	\$54,920.00	\$55,011.40	\$89,882.50	\$138,622.10	\$65,740.60	\$197,221.80	\$254,640.81



Utility Permit Fee Analysis

Effect of Alternative Tier Fee Schedules

Duke Energy and Time-Warner

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Duke Energy	Number of Permits	22	33	36	45	37	15	45	45
	Linear Feet	27,832	57,190	42,123	40,447	72,277	14,839	44,517	44,517
	Average Linear Feet per permit	1,265	1,733	1,170	899	1,953	989	989	989
	Current Fee	\$4,760.00	\$8,850.00	\$8,350.00	\$7,430.00	\$10,740.00	\$2,240.00	\$6,720.00	\$6,720.00
	Current Structure with Tier 4 Revised	\$4,630.40	\$8,463.20	\$8,005.00	\$7,352.00	\$9,865.60	\$2,175.20	\$6,525.60	\$6,525.60
	50% Cost Recovery	\$8,624.00	\$15,612.00	\$14,817.50	\$13,870.00	\$18,206.00	\$4,102.00	\$12,306.00	\$12,306.00
	75% Cost Recovery	\$12,368.00	\$22,264.00	\$21,220.00	\$19,960.00	\$25,952.00	\$5,904.00	\$17,712.00	\$17,712.00
	100% Cost Recovery	\$15,580.00	\$27,960.00	\$26,695.00	\$25,270.00	\$32,580.00	\$7,480.00	\$22,440.00	\$22,440.00
Time Warner	Number of Permits	210	151	220	254	252	69	207	207
	Linear Feet	87,523	75,032	88,672	97,149	145,893	40,361	121,083	121,083
	Average Linear Feet per permit	417	497	403	382	579	585	585	585
	Current Fee	\$24,470.00	\$18,140.00	\$24,310.00	\$27,660.00	\$34,870.00	\$8,870.00	\$26,610.00	\$26,610.00
	Current Structure with Tier 4 Revised	\$23,858.52	\$17,915.15	\$23,961.14	\$27,518.32	\$33,946.98	\$8,808.79	\$26,426.36	\$38,550.75
	50% Cost Recovery	\$44,162.49	\$33,459.73	\$44,630.36	\$51,018.20	\$62,948.55	\$16,393.63	\$49,180.89	\$38,862.45
	75% Cost Recovery	\$62,215.28	\$47,592.56	\$63,249.92	\$51,018.20	\$89,275.60	\$23,313.36	\$69,940.08	\$44,916.60
	100% Cost Recovery	\$78,789.10	\$60,350.70	\$80,252.40	\$71,870.40	\$112,854.50	\$29,511.70	\$88,535.10	\$61,320.75



Utility Permit Fee Analysis

Effect of Alternative Tier Fee Schedules

All Other Utilities

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All Others		2010	2011	2012	2013	2014			
	Number of Permits	31	16	15	31	32	11	33	33
	Linear Feet	28,017	25,830	9,496	37,898	45,590	2,679	8,037	8,037
	Average Linear Feet per permit	904	1,614	633	1,223	1,425	244	244	244
	Current Structure with Tier 4 Revised	\$5,920.00	\$4,310.00	\$2,110.00	\$6,400.00	\$7,020.00	\$1,100.00	\$3,300.00	\$3,300.00
	Fee "A"	\$5,805.92	\$4,103.60	\$1,778.80	\$6,303.74	\$6,539.87	\$1,100.00	\$3,300.00	\$3,300.00
	50% Cost Revoverly	\$10,729.20	\$7,511.00	\$3,293.00	\$11,603.86	\$12,211.93	\$2,100.00	\$6,300.00	\$6,300.00
	75% Cost Recovery	\$15,262.40	\$10,592.00	\$4,616.00	\$37,354.12	\$17,390.96	\$3,040.00	\$9,120.00	\$9,120.00
100% Cost Recovery	\$19,218.00	\$13,280.00	\$5,840.00	\$39,995.00	\$21,928.70	\$3,880.00	\$11,640.00	\$11,640.00	